

29 JUL 1981

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MEMORANDUM FOR: [REDACTED]
Office of General Counsel

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FROM: [REDACTED]
Chief, Plans and Programs Staff, OGC

SUBJECT: H.R. 3494, The Delinquent Payments Act of 1981

1. The Office of Logistics has reviewed the proposed Delinquent Payments Act of 1981 and offers the following comments. We would first like to suggest that the legislation will dilute the Agency's sterile acquisition process by requiring it to report expenditures of public funds for interest to the Senate Committee on Government Affairs and the House Committee on Government Operations. The Bill appears to pose considerable security implications with respect to the protection of intelligence sources and methods, does not consider the underlying reasons for tardy payments, and will significantly increase overhead costs associated with administering contracts and payments under contracts. Finally, we would submit the legislation ignores the entire area of contract settlement. In this area work on hundreds of contracts has been completed, but final payment has not been made. The delays in this final payment can result from a variety of legitimate factors, such as, settlement of overhead accounts, clearance of property accounts, and filing of patents and certifications.

2. We believe the Federal Government should make maximum effort to pay its bills on time. We also believe cost associated with the enactment into law of the subject House Resolution will not correct existing deficiencies and will only contribute to increasing the federal bureaucracy, its inherent bottlenecks, and add to the already recognized unacceptable cost of running the Government.

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cc: C/PMS
C/PD
C/SD
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